

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF STEVE) APPEAL NO. 07-A-2411
WENSEL from the decision of the Board of) FINAL DECISION
Equalization of Canyon County for tax year 2007.) AND ORDER

RESIDENTIAL AND AGRICULTURAL PROPERTY APPEAL

THIS MATTER came for hearing on October 23, 2007, in Caldwell, Idaho before Hearing Officer Lyle R. Cobbs. Board Members Lyle R. Cobbs, Linda S. Pike and David E. Kinghorn participated in this decision. Appellants Steve and Angie Wensel appeared. Appraisers Don Towery and Matt Burton appeared for Respondent Canyon County. This appeal is taken from a decision of the Canyon County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Alt Pin 04N02W234195.

The issue on appeal is the market value of a residential property.

The decision of the Canyon County Board of Equalization is affirmed.

FINDINGS OF FACT

The total assessed land value is \$98,400, including \$90,000 for the homesite and \$8,400 for all other land. The total assessed value of improvements is \$1,184,400, including \$1,074,800 for the residence and \$109,600 for all other improvements. The total assessed value is \$1,282,800. Appellants requests the total land value be reduced to \$39,050, and the total value of improvements be reduced to \$1,014,420, totaling \$1,053,470.

The subject property consists of a one-acre homesite with a three-story, 11,211 square foot custom residence built in 2002. The residence includes 9,011 square feet of finished livable space with 11 bedrooms, 5 bathrooms, and 2,200 square feet of unfinished, unlivable space in an upstairs attic. The finished livable space meets the accessibility guidelines of the Americans With Disabilities Act (ADA). The Victorian style residence has brick exterior siding, a metal

shingle roof, and unique architectural features. Subject includes a large detached garage with approximately 5,612 square feet of unfinished space and no interior partitions. The garage is used to store farm equipment, a travel trailer, a horse trailer, and other personal property. The homesite is bordered to the east and west by 8 acres of irrigated agricultural property and .7 acres of waste property. Subject is located in a rural area southwest of Star, Idaho near the intersection of Franklin and Joplin Roads. Subject lacks improved access to community water, sewer, and natural gas services.

Appellants originally purchased the subject site in 1984 and constructed a “fairly modest” residence on the lot. After residing on the property for several years, Appellants removed the original residence and constructed the existing improvements. Appellants owned a general contracting business and oversaw the design and construction of improvements. Appellants described the residence as a “highly personalized” property and a “family home” which they intended to keep, reside in, and eventually pass to their children. Subject was not encumbered by a mortgage and an independent fee appraisal was not performed.

Appellants provided Multiple Listing Service (MLS) data for numerous residential property sales to establish subject’s market value at \$1,053,470, or \$117 per square foot of finished livable space. Fifty sales occurred during 2006 and were located within 20 miles of subject. Lot sizes were between 4 and 12 acres. Finished livable space ranged between 1,008 and 4,279 square feet. Sale prices ranged from \$126,000 to \$975,000, or \$94 to \$303 per square foot of finished livable space. For comparison, subject was assessed at \$1,282,800, or \$142 per square foot of finished livable space.

Appellants also provided sale listings for approximately 115 residential properties.

Appellants read into the record portions of the BOE hearing transcript in which the County

acknowledged the complexity of subject's assessment. The BOE ultimately opted to "stand on the assessors' valuations," but suggested Appellants appeal to the Idaho State Board of Tax Appeals for consideration.

Appellants acknowledged the difficulty in valuing a highly customized 11,211 square foot residence in rural Canyon County. It was asserted the rural Canyon County market did not support such a large, "personalized" residence and there was "no market demand for this type of home." Appellants also contended the lack of comparable sales resulted in an assessment that did not reflect subject's market value. It was suggested "special expertise" was needed to properly assess subject. However, Appellants also acknowledged any valuation was "going to be somewhere between an exact science and an estimate."

It was asserted the unfinished attic should not have been considered in subject's assessment. Appellants stated the building permit for the residence prohibited occupation of the 2,200 square foot attic, as the supporting joists were not floor joists. It was stated the attic was used strictly for storage and was never intended as livable space.

Respondent provided three residential property sales to support subject's assessed value. It was maintained these were the best residential sales available for comparison to subject. The sales occurred between July and December 2006 and were located within 10 miles of subject. Lot sizes were between .92 and 1.12 acres. Finished livable space ranged between 3,965 and 6,180 square feet. Sale prices ranged between \$800,000 and \$1,300,000, or \$147 to \$210 per square foot of finished livable space.

According to the County Appraiser, the comparable sale at 12100 W. Deep Canyon Drive most closely resembled subject in terms of size, age, and construction quality. This sale was located approximately 9.6 miles from subject in Ada County. The property consisted of 1.12

acres with a single-level, 6,180 square foot custom residence built in 2006. The residence included 4 bedrooms and 3.5 baths, with 3,060 square feet on the main level and 3,120 square feet in a finished basement. This was a highly customized “view” property with numerous upgraded features, including a stone/stucco exterior, a built-in exterior barbecue, a laundry room on each level, an exercise room with a sauna, extensive hardwood trim and flooring, dual dishwashers, a built-in Sub-Zero refrigerator, a built-in Wolf range, an RV garage, and a theater room. Despite these amenities, the Assessor concluded this property “appeared inferior” to subject. The property sold in July 2006 for \$1,300,000, or \$210 per square foot of finished livable space.

Appellants countered this property was superior to subject in terms of construction quality, building materials, age, views, location, and amenities. It was also asserted this property was generally more desirable and marketable than subject based on size, location, design, and maintenance. Appellants provided MLS data describing the lot as the subdivision’s “most spectacular one-acre view lot” with an “open view of Boise mountains, valley lights, sunrises, sunsets, and the Hillsdale Valley.” The MLS sheet also stated the lot was “adjacent to million dollar homes” and had improved access to “natural gas, community water, underground power and telephone.” This lot sold for \$287,500 in October 2005, or \$6.00 per square foot of bare land.

Respondent provided four bare land sales to support subject’s assessed land value. It was maintained these were the best land sales available for comparison to subject. The sales occurred between January and July 2006 and were located in Canyon County. Lot sizes were between 1.01 and 3.27 acres. Sale prices ranged between \$125,000 and \$336,000, or \$2.36 to \$3.18 per square foot of bare land. For comparison, the assessed value of subject’s one-acre homesite was \$90,000, or \$2.07 per square foot.

The Assessor maintained subject was the only residence located in Canyon County with over 10,000 square feet of finished livable space and was, therefore, “hard to value.” It was also stated larger comparable sales would have been considered in subject’s assessment had they been available. The Assessor expressed his mutual frustration in assessing subject because the entire township had not been appraised since 2001.

The Assessor stated the unfinished attic was valued with the residence, but was not assessed as finished livable space. It was asserted the attic was included in the assessment because “a nice 2,200 square foot storage space” with access via a finished stairway had discernible value.

CONCLUSIONS OF LAW

This Board’s goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following:

Idaho Code provides “All property within the jurisdiction of this state, not expressly exempted, is subject to appraisal, assessment and property taxation.” I.C. § 63-203. Idaho Code further directs that “rules promulgated by the State Tax Commission shall require each assessor to find market value for assessment purposes of all property.” I.C. § 63-208(1). For taxation purposes, Idaho requires property be valued at market value. I.C. § 63-201(10). The Idaho Administrative Code defines market value and accepted appraisal procedures:

01. Market Value Definition. Market value is the most probable amount of United States dollars or equivalent for which a property would exchange hands between a knowledgeable and willing seller, under no compulsion to sell, and an informed, capable buyer, under no compulsion to buy, with a reasonable time allowed to consummate the sale, substantiated by a

reasonable down or full cash payment.

03. Appraisal Procedures. Market value for assessment purposes shall be determined through procedures, methods, and techniques recommended by nationally recognized appraisal and valuation associations, institutes, and societies and according to guidelines and publications approved by the State Tax Commission.

IDAPA 35.01.03.217.01, .03, see also I.C. § 63-201(10) (emphasis added).

Respondent offered three comparable sales to support subject's assessed value of \$1,282,800, or \$142 per square foot of finished livable space. The sales were timely, located within a reasonable distance of subject, and resembled subject in terms of lot size, age, and construction quality. Despite recognized differences, the comparable properties were adequate for valuation purposes. Finished livable space ranged between 3,965 and 6,180 square feet. Sale prices ranged between \$800,000 and \$1,300,000, or \$147 to \$210 per square foot of finished livable space. Although the property which sold for \$1,300,000 was 2,831 square feet smaller than subject and superiorly located, it was the largest 2006 sale in Canyon or Ada County. For comparison, subject was assessed at \$1,282,800, or \$142 per square foot of finished livable space. The Board finds Respondent's comparable sales were practical indicators of subject's market value and rationally supported the assessment.

The County also provided four bare land sales to support subject's assessed land value. The sales were timely, located in Canyon County, and included lots similar to subject. Sale prices ranged between \$125,000 and \$336,000, or \$2.36 to \$3.18 per square foot of bare land. For comparison, the assessed value of subject's one-acre homesite was \$90,000, or \$2.07 per square foot. The Board finds these land sales adequately support subject's assessed land value.

A property valuation for taxation purposes, as determined by an assessor, is presumed correct and the taxpayer has the burden of proof to show an entitlement to relief. *Merris v. Ada*

County, 100 Idaho 59, 64, 593 P.2d 394, 399 (1979). Idaho Code provides “a preponderance of evidence shall suffice to sustain the burden of proof.” I.C. § 63-511(4).

The Board will grant relief where “the valuation fixed by the assessor is manifestly excessive, fraudulent or oppressive; or arbitrary, capricious and erroneous resulting in discrimination against the taxpayer.” *Roeder Holdings, L.L.C. v. Bd. of Equalization of Ada County*, 136 Idaho 809, 41 P.3d 237 (2001); *Merris*.

Appellants presented numerous residential property sales to establish subject’s market value at \$1,053,470, or \$117 per square foot of finished livable space. The sales were timely and located within a reasonable distance of subject. However, only four residences had over 3,000 square feet of finished livable space. Sale prices for the four largest properties ranged between \$420,000 and \$540,000, or \$114 to \$152 per square foot of finished livable space. Although these sales were useful indicators of market value, they substantiated subject’s assessment and did not reveal an entitlement to relief.

Appellant’s case was based on a comparison of recent sales. Appellant claimed subject’s assessment was excessive, but failed to demonstrate specific error. Although the Board appreciates the complexity of valuing large, unique properties such as this, comparable sales presented by both parties reasonably support Respondent’s assessed values. Therefore, we find subject’s valuation was not arbitrary and Appellant did not demonstrate error by a preponderance of the evidence. The decision of the Canyon County Board of Equalization will be affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Canyon County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED FEBRUARY 26, 2008